

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 ISO-00 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 SP-02 CIEP-01 OMB-01

NSC-05 SS-15 STR-04 CEA-01 L-02 PA-01 PRS-01 USIA-06

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R 110858Z APR 75

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 1681

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

AMEMBASSY PARIS

AMCONSUL ZURICH

AMEMBASSY BERN

LIMITED OFFICIAL USE PRETORIA 1278

CAPE TOWN FOR EMBASSY; PARIS FOR OECD

E.O. 11652: N/A

TAGS: EFIN, SF

SUBJ: SOUTH AFRICAN GOLD SALES

1. BEGIN UNCLASSIFIED. JOHANNESBURG WEEKLY FINANCIAL MAIL
DATED APRIL 4 REPORTS "EXCLUSIVE INTERVIEW" WITH US FEDERAL
RESERVE OFFICIAL AND "SEVERAL PRIVATE SESSIONS" WITH FEDERAL
STAFF OFFICERS. ONE STAFF OFFICER QUOTED AS FOLLOWS:

"WE FEEL SEVERAL FACTORS THAT AFFECT THE PRICE OF GOLD ARE
WORKING FOR US:

COMMODITY PRICE RISES HAVE LEVELLED OFF SOMEWHAT BECAUSE OF
THE WORLD ECONOMIC DECLINE;

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WE HAVE A STABLE EXCHANGE RATE BETWEEN THE DOLLAR AND THE DM
AND SWISS FRANC; AND

THE NEW YORK STOCK MARKET IS ATTRACTING INVESTORS WHO OBVIOUSLY
HAVE SHIED AWAY FROM THE NEW GOLD VEHICLES OFFERED THEM.

"WE KNOW THAT SA IS HOLDING GOLD BACK FROM THE MARKET TO KEEP
THE PRICE UP. BUT WE THINK MANY OF THE BANKS WHO BOUGHT FROM
THE US TREASURY'S AUCTION IN JANUARY ARE NOW FEEDING BULLION
BACK INTO THE MARKET AND THAT HAS TO OFFSET EFFORTS TO BOOST
THE PRICE BACK UP."

2. LATEST SA RESERVE BANK STATEMENT OF ASSETS AND LIABILITIES
SHOWS 527,582,929 RAND IN GOLD HOLDINGS (AT R29.55 PER OUNCE)
AS OF APRIL 4. THIS IS DOWN FROM MAXIMUM FIGURE THIS YEAR OF
539,479,024 ON JANUARY 10 AND IS LOWEST FIGURE THIS YEAR.
END UNCLASSIFIED.

3. BEGIN LIMITED OFFICIAL USE. WE HAVE NO INFORMATION THAT
WOULD CONFIRM OPINION THAT SA HOLDING BACK GOLD FROM MARKET.
RESERVE BANK FIGURES WOULD NOT SUPPORT IDEA THAT BULLION BEING
WITHHELD.

4. WOULD APPRECIATE CLARIFICATION OF REPORT AND ANY INFO
WASHINGTON OR OTHER ADDRESSEES CAN SUPPLY. (BRITISH EMBASSY
HERE IS ALSO CURIOUS ABOUT REPORT.) END LIMITED OFFICIAL USE.
EDMONDSON

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